Capital Structure as of June 30, 2002 Per Books and Pro Forma Giving Effect to the Proposed Financing

EXHIBIT "1.1" - Application for Authority to Incur Long Term Debt

	Per Books		Adjustments	Pro Forma	
Loans and Notes Payable:					
American Water Works Capital Corporation	39,008,059	7.1%	(28,695,354)	10,312,705	1.9%
Long Term Debt:					
9.625% Series, due 2/1/2019 5.15% Series, due 8/1/2023 6.57% Series, due 2/1/2004 6.76% Series, due 12/1/2005 5.00% Series, due 2/1/2028 5.10% Series, due 6/1/2029 Variable Rate Series, due 3/1/2032 9.22% Series, due 2/1/2009 5.50% Series, due 12/1/2026 5.00% Series, due 2/1/2028 Variable Rate Series, due 5/1/2032 4.92% Series, due 11/6/06 (to be replaced) 4.92% Series, due 11/6/06 (Proposed) Other new issuance (Proposed)	6,000,000 5,800,000 16,800,000 7,000,000 11,990,000 30,645,000 24,860,000 4,200,000 7,000,000 6,000,000 23,325,000 103,758,370 0		(600,000) (103,758,370) 103,758,370 50,241,630	6,000,000 5,800,000 16,800,000 7,000,000 11,990,000 30,645,000 24,860,000 7,000,000 6,000,000 23,325,000 0 103,758,370 50,241,630	
Current Portion of Long-Term Debt	21,869,383	_	(21,869,383)	0	
Total Long Term Debt	269,247,753	48.9%	27,772,247	297,020,000	53.9%
Preferred Stock:					
6.75% Cumulative Preference Stock	12,000	. <u>-</u>		12,000	
Total Preferred Stock	12,000	0.0%	0	12,000	0.0%
Common Equity: Common Stock Paid-In Capital Retained Earnings	169,061,157 2,347,616 70,390,904	-	1,269,585	169,061,157 2,347,616 71,660,489	
Total Common Equity	241,799,677	44.0%	1,269,585	243,069,262	44.2%
TOTAL CAPITALIZATION	550,067,489	=	346,478	550,413,967	-

STATE OF ILLINOIS ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS As of June 30, 2002

EXHIBIT "1.2" - Application for Authority to Incur Long Term Debt

Name of Comp	any: ILLINOIS-AI	MERICAN WATER	COMPANY			
Capital Stock:						
CAPITAL STOCK:				• 11		
Description	Number of	Par Value	Totaí		dends Paid du nths Ended 6/	
of Issue	Shares Authorized	of One Share	Par Value Authorized	Shares Outstanding	Rate	Amount

of Issue	Shares Authorized	of One Share	Par Value Authorized	Shares Outstanding	Rate	Amount
Common Stock	13,500,000	None	N/A	12,168,608	\$0.814	\$9,911,051.32
Cumulative Preference Stock 6.75% Series	120	100	12,000	120	6.750	945.00
Total Capital Stock	13,500,120		\$12,000	12,168,728		\$9,911,996.32

DIVIDENDS PAID DURING 2001:

:		Common Stock				ve First Preferre 6.0% series (1)	d Stock
	Shares Outstanding	Dividend Per Share	Amount Paid		Shares Outstanding	Dividend Per Share	Amount Paid
2001	6,937,125	\$1.62	\$11,238,142.50	2001	5,500	\$6.00	\$33,000.00
		lative Preference 3.875% Series (2)			Cumula	ative Preference 6.75% Series	Stock
	Shares Outstanding	Dividend Per Share	Amount Paid		Shares Outstanding	Dividend Per Share	Amount Paid
2001	480 480	\$1.71875 \$6.87500	\$825.00 \$3,300.00	2001	120 120	\$3.9375 \$6.7500	\$472.50 \$810.00

⁽¹⁾ Retired June 28, 2002 (2) Retired March 1, 2002

STATE OF ILLINOIS ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS As of June 30, 2002

Exhibit "1.2" - Application for Authority to Incur Long Term Debt (Cont.)

Name of Company: ILLINOIS-/	MERICAN WATER COMPANY
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Capital Stock:

LONG TERM DEBT:

Class of Bond	Issue	Maturity	Total Principal Amount		Annualized at 6/30	
or Obligation	Date	Date	Outstanding		Rate	Amount
General Mortgage Bonds						
9.625% Series	03/15/1989	02/01/2019	6,000,000		9.625%	577,500
7.19% Series	12/23/1992	12/01/2002	21,000,000		7.190%	1,509,900
5.15% Series	09/23/1993	08/01/2023	5,800,000		5.150%	298,700
6.57% Series	03/23/1994	02/01/2004	16,800,000		6.570%	1,103,760
6.76% Series	12/28/1995	12/01/2005	7,000,000		6.760%	473,200
5.00% Series	02/24/1998	02/01/2028	11,990,000		5.000%	599,500
5.10% Series	06/23/1999	06/01/2029	30,645,000		5.100%	1,562,895
Variable Rate Series	03/28/2002	03/01/2032	24,860,000	(1)	6.000%	1,491,600
Northern First Bonds						
9.22% Series	12/15/1989	02/01/2009	4,800,000		9.220%	442,560
5.50% Series	12/19/1996	12/01/2026	7,000,000		5.500%	385,000
5.00% Series	02/24/1998	02/01/2028	6,000,000		5.000%	300,000
Demand Installment Obligation						
Shiloh Note	08/21/1998	08/21/2003	269,383		6.500%	17,510
Citizens Acquisition						
Variable Rate Series	05/01/1997	05/01/2032	23,325,000	(1)	6.000%	1,399,500
4.92% Series (2)	03/01/2002	11/06/2006	103,758,370		4.920%	5,104,912
Total Long Term Debt			\$269,247,753			15,266,537

⁽¹⁾ Interest calculated at an assumed rate of 6% for variable rate issues.(2) To be replaced.

STATE OF ILLINOIS ILLINOIS COMMERCE COMMISSION

STATEMENT OF CAPITAL STOCK AND INDEBTEDNESS As of June 30, 2002

EXHIBIT "2.1" - Application for Authority to Incur Long Term Debt (Cont.)

Name of Company: ILLINOIS-AMERICAN WATER COMPANY
Capital Stock:

LOANS AND NOTES PAYABLE

			Amount	Annualized Interest at 6/30/02	
Name of Creditor	Issue Date	Maturity Date	Outstanding	Rate	Amount
American Water Works Capital Corporation	07/01/2002	07/1/2003	\$39,008,059	(1)	\$819,481

⁽¹⁾ Notes payable carry a variable rate. The effective variable rate for June, 2002 is 2.1008%, which is used above.

EXHIBIT "1.3"

Balance Sheet as of June 30, 2002 Per Books and Pro Forma Giving Effect of the Proposed Financing

Per Books Adjustments Pro Forma				
Utility Plant in Service \$725,198,390 \$725,198,390 \$725,198,390 \$725,198,390 \$12,368,725		Per Books	Adjustments	Pro Forma
Utility Plant in Service \$725,198,390 \$725,198,390 \$725,198,390 \$725,198,390 \$12,368,725	Litility Plant			
Construction Work in Progress 12,368,725 Accumulated Provision for Depreciation (200,433,344) (200,434,343) (200,433,344) (200,4		\$725,198,390		\$725,198,390
Utility Plant Acquisition Adjustments				
Total Utility Plant 577,186,016 0 577,186,016 Other Property and Investments Non-Utility Property 104,248 104,248 Other investments 24,575,500 24,575,500 Total Other Property and Investments 24,679,748 0 24,679,748 Current Assets 3,209,443 50,241,630 (1) 3,209,443 Cash 3,209,443 50,241,630 (1) 3,209,443 (21,000,000) (2) (1,200,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) 1,269,585 (7) 10,988,460 Allowance for Uncollectable Accounts (541,209) (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 8,183,692 8,183,692 8,183,692 8,183,692 8,183,692 8,183,692 9,19,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178 2,159,178	Accumulated Provision for Depreciation			
Other Property and Investments 104,248 104,248 Non-Utility Property 24,575,500 24,575,500 Total Other Property and Investments 24,679,748 0 24,679,748 Current Assets 3,209,443 50,241,630 (1) (21,000,000) (2) (1,200,000) (3) (269,383) (4) (269,383) (4) (346,478) (5) (28,995,354) (6)	Utility Plant Acquisition Adjustments	40,052,245		40,052,245
Non-Utility Property Other Investments	Total Utility Plant	577,186,016	0	577,186,016
Non-Utility Property Other Investments	Other Property and Investments			
Other investments 24,575,500 24,575,500 Total Other Property and Investments 24,679,748 0 24,679,748 Current Assets Cash 3,209,443 50,241,630 (1) (21,000,000) (2) (21,000,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) (28,695,35		104,248		104,248
Current Assets Cash 3,209,443 50,241,630 (1) 3,209,443 (21,000,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) 1,269,585 (7) Customer Accounts Receivable Allowance for Uncollectable Accounts (541,209)	· · ·	24,575,500		24,575,500
Cash 3,209,443 50,241,630 (1) 3,209,443 (21,000,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) 1,269,585 (7) Customer Accounts Receivable 10,988,460 1,269,585 (7) Customer Accounts (541,209) (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 8,183,692 Materials and Supplies 2,159,178 2,159,178 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates Other Deferred Debits 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813	Total Other Property and Investments	24,679,748	0	24,679,748
(21,000,000) (2) (1,200,000) (3) (269,383) (4) (346,478) (5) (28,695,354) (6) (28,695,354) (6) 1,269,585 (7) Customer Accounts Receivable 10,988,460 Allowance for Uncollectable Accounts (541,209) Unbilled Revenues 8,183,692 Materials and Supplies 2,159,178 Other 2,593,230 Total Current Assets 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 Expense of Rate Proceedings 265,894 Net Regulatory Asset - Income Tax 9,527,669 Recoverable Thru Rates 18,199,162 Other Deferred Debits 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813	Current Assets			
Customer Accounts Receivable 10,988,460 1,269,585 (7)	Cash	3,209,443	50,241,630 (1)	3,209,443
(269,383) (4) (346,478) (5) (28,695,354) (6) 1,269,585 (7) Customer Accounts Receivable 10,988,460 1,269,585 (7) Customer Of Uncollectable Accounts (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 Materials and Supplies 2,159,178 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 Net Regulatory Asset - Income Tax 9,527,669 Recoverable Thru Rates Other Deferred Debits 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813				
Customer Accounts Receivable 10,988,460 1,269,585 (7)				
Customer Accounts Receivable 10,988,460 1,269,585 (7) Customer Accounts Receivable 10,988,460 1,269,585 (7) Customer Accounts Receivable 10,988,460 10,988,460 (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 8,183,692 Materials and Supplies 2,159,178 2,159,178 Other 2,593,230 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 265,894 Potential Recoverable Thru Rates Other Deferred Debits 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813				
Customer Accounts Receivable 10,988,460 10,988,460 Allowance for Uncollectable Accounts (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 Materials and Supplies 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 Net Regulatory Asset - Income Tax 9,527,669 Recoverable Thru Rates Other Deferred Debits 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813				
Customer Accounts Receivable 10,988,460 10,988,460 Allowance for Uncollectable Accounts (541,209) (541,209) Unbilled Revenues 8,183,692 8,183,692 Materials and Supplies 2,159,178 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813				
Allowance for Uncollectable Accounts Unbilled Revenues Unbilled Revenues Unbilled Revenues S,183,692 Materials and Supplies 2,159,178 Other 2,593,230 Total Current Assets 26,592,794 Deferred Debits Debt and Preferred Stock Expense Expense of Rate Proceedings Pet Regulatory Asset - Income Tax Recoverable Thru Rates Other Deferred Debits Total Deferred Debits 18,199,162 Total Deferred Debits 346,478 (5) (541,209) (541,209) (541,209) (541,209) (541,209) (6,413,692 (5,159,178 (2,159,178	Customer Assaunts Bassivable	10 000 400	1,209,585 (7)	10 000 460
Unbilled Revenues 8,183,692 8,183,692 Materials and Supplies 2,159,178 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits 0 26,592,794 Debt and Preferred Stock Expense 6,461,610 346,478 5) 6,808,088 Expense of Rate Proceedings 265,894 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 70ther Deferred Debits 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813				
Materials and Supplies 2,159,178 2,159,178 Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits 0 346,478 0 6,808,088 Expense of Rate Proceedings 265,894 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813		• • •		•
Other 2,593,230 2,593,230 Total Current Assets 26,592,794 0 26,592,794 Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Other Deferred Debits 34,454,335 346,478 34,800,813				
Deferred Debits Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 Net Regulatory Asset - Income Tax 9,527,669 Recoverable Thru Rates Other Deferred Debits 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813	• •			
Debt and Preferred Stock Expense 6,461,610 346,478 (5) 6,808,088 Expense of Rate Proceedings 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Other Deferred Debits 34,454,335 346,478 34,800,813	Total Current Assets	26,592,794	0	26,592,794
Expense of Rate Proceedings 265,894 265,894 Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Other Deferred Debits 34,454,335 346,478 34,800,813	Deferred Debits			
Net Regulatory Asset - Income Tax 9,527,669 9,527,669 Recoverable Thru Rates 18,199,162 18,199,162 Other Deferred Debits 34,454,335 346,478 34,800,813	Debt and Preferred Stock Expense	6,461,610	346,478 (5)	6,808,088
Recoverable Thru Rates 18,199,162 18,199,162 Other Deferred Debits 34,454,335 346,478 34,800,813	Expense of Rate Proceedings	265,894		265,894
Other Deferred Debits 18,199,162 18,199,162 Total Deferred Debits 34,454,335 346,478 34,800,813		9,527,669		9,527,669
Total Deferred Debits 34,454,335 346,478 34,800,813		18.199.162		18.199.162
		•		
Total Assets and Other Debits \$662,912,893 \$346,478 \$663,259,371	Total Deferred Debits	34,454,335	346,478	34,800,813
	Total Assets and Other Debits	\$662,912,893	\$346,478	\$663,259,371

^{(1) - (5)} See Exhibit "1.3", Page 3 of 5 for expanations.

EXHIBIT "1.3" (Cont.)

Balance Sheet as of June 30, 2002 Per Books and Pro Forma Giving Effect of the Proposed Financing

	Per Books	Adjustments	Pro Forma
Proprietary Capital			
Common Stock	\$169,061,157		\$169,061,157
Paid-In Capital	2,347,616		2,347,616
Retained Earnings	70,390,904	1,269,585 (7)	71,660,489
Preferred Stock	12,000		12,000
Total Proprietary Capital	241,811,677	1,269,585	243,081,262
Long Term Debt	269,247,753	154,000,000 (1)	297,020,000
		(103,758,370) (1)	
		(21,000,000) (2)	
		(1,200,000) (3)	
		(269,383) (4)	
Current Liabilities			
Bank Debt Pending Issuance of Securities	39,008,059	(28,695,354) (6)	10,312,705
Accounts Payable	4,327,780		4,327,780
Taxes Accrued	4,782,303		4,782,303
Interest Accrued	3,940,631		3,940,631
Other	6,320,961		6,320,961
Total Current Liabilities	58,379,734	(28,695,354)	29,684,380
Deferred Credits			
Customer Advances for Construction	18,160,485		18,160,485
Deferred Income Taxes	21,353,105		21,353,105
Deferred Investment Tax Credits	3,156,495		3,156,495
Other	18,080,090		18,080,090
Total Deferred Credits	60,750,175	0	60,750,175
Contributions in Aid of Construction	32,723,554		32,723,554
Total Liabilities and Other Credits	\$662,912,893	\$104,104,848	\$663,259,371

^{(1) - (5)} See Exhibit "2.2", Page 3 of 5 for expanations.

EXHIBIT "1.3" (Cont.)

Adjustments to June 30, 2002 Balance Sheet Giving Effect of the Proposed Financing

	·	
	DEBIT	CREDIT
 To reflect the issuance of the new long-term debt and replacement of existing 4.92% note. 		
CASH LONG TERM DEBT LONG TERM DEBT	\$50,2 41 ,630 \$103,758,370	\$154,000,000
(2) To reflect the maturity of the 7.19% Bonds due December 1, 2002.		
LONG TERM DEBT CASH	\$21,000,000	\$21,000,000
(3) To reflect sinking fund payments on the 9.22% Bonds due December 1, 2002 and December 1, 2003.		
LONG TERM DEBT CASH	\$1,200,000	\$1,200,000
(4) To reflect payment on the 6.50% Shiloh Note due August 21, 2002 (reflects accrual only through 6-30-02)).	
LONG TERM DEBT CASH	\$269,383	\$269,383
(5) To reflect the payment of the estimated issuance expenses of the proposed financing		
DEBT EXPENSE CASH	\$34 6,478	\$346,478
(6) To reflect the repayment of a portion of short term bank debt outstanding at 6/30/02. BANK DEBT PENDING ISSUANCE OF SECURITIES CASH	\$28,695,354	\$28,695,354
(7) To reflect estimated income to retained earnings for the period July 1, 2002 to December 31, 2002.		
CASH RETAINED EARNINGS	\$1,269,585	\$1,269,585

EXHIBIT "1.3" (Cont.)

Statement of Income for the Twelve Months Ended June 30, 2002 Per Books and Pro Forma, Giving Effect of the Proposed Financing And Other Adjustments as Indicated

rating Expenses Operation and Maintenance Expense Depreciation Expense Depreciation Expense Depreciation Expense Taxes on Other Income General Taxes Other Income Taxes Other Income Taxes State and Federal Income Taxes Income Before Interest Charges Interest on Bank Debt Amortization Of Income Taxes Interest Charges Interest Charges Net Income Total Interest Charges Net Income Income Income Income Income Income Income Income Income Income Interest Charges Inter		Per Books	Adjustments	Pro Forma
Operation and Maintenance Expense 62,942,876 62,942,876 62,942,876 62,942,876 22,440,315 22,440,315 22,440,315 22,440,315 22,440,315 22,440,315 32,440,315 32,440,315 32,440,315 32,440,315 32,440,315 32,440,315 32,440,315 32,540,326 32,540,326 32,540,326 32,540,326 32,540,326 32,540,326 32,540,327 32,522,765 32,502,776 32,702,776 </th <th>perating Revenues</th> <th>\$121,444,407</th> <th></th> <th>\$121,444,407</th>	perating Revenues	\$121,444,407		\$121,444,407
Depreciation Expense 22,440,315 22,440,3 Taxes on Operating Income 6,514,802 6,512,402 6,516,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,302 7,636,	Operating Expenses			
Taxes on Operating Income General Taxes 6,514,802 5tate Income Taxes 6,514,802 446,359 7,852,388 (158,134) (4) (158,134) (4)	Operation and Maintenance Expense	62,942,876		62,942,876
General Taxes 6,514,802 6,514,802 6,514,802 82 (158,134) (4) 288.20 289.20 289.2		22,440,315		22,440,31
State Income Taxes 446,359 (158,134) (4) 288.2 Federal Income Taxes 5,508,036 (1,344,142) (5) 4,163.8 Total Operating Expenses 97,852,388 (1,502,276) 96,350,1 Utility Operating Income 23,592,019 1,502,276 25,094,2 er Income AFUDC 0 0 Miscellaneous Other Income 90,324 0 90,3 er Deductions 490,324 0 90,3 er Deductions 475,459 475,459 475,459 Taxes on Other Income 475,459 475,459 475,454 Taxes on Other Income 8,468 8,468 8,468 State and Federal Income Taxes 4(161,509) 4161,509 4161,509 Income Before Interest Charges 23,225,928 1,502,276 24,728,20 rest Charges 10,625,779 5,302,235 (1)				
Federal Income Taxes		•		
Total Operating Expenses 97,852,388 (1,502,276) 96,350,1 Utility Operating Income 23,592,019 1,502,276 25,094,29 er Income AFUDC 0 Miscellaneous Other Income 90,324 90,324 Poly 3,24 0 90,324 Poly 3,24 10 90,324 Poly 3,24 10 90,324 Poly 3,24 10 90,324 Poly 3,24 10 10 10,502,76 Poly 3,24 10 10,502,76 Poly 3,24 10 10,502,76 Poly 3,24 10,502,				
Utility Operating Income 23,592,019 1,502,276 25,094,21 er Income AFUDC 0 Miscellaneous Other Income 90,324 90,33 er Deductions Miscellaneous Amortization 133,997 133,91 Miscellaneous Other Deductions 475,459 475,459 475,459 475,459 475,459 475,459 475,459 475,459 475,459 476,45 456,415 0 456,415 0 456,415 0 456,415 0 456,415 1				
er Income AFUDC Miscellaneous Other Income AFUDC Miscellaneous Other Income 90,324 90,324 90,324 0 90,33 er Deductions Miscellaneous Amortization Miscellaneous Other Deductions Taxes on Other Income General Taxes 8,468 State and Federal Income Taxes (161,509) (161,51 456,415 0 456,415 0 456,42 Income Before Interest Charges 23,225,928 1,502,276 24,728,20 rest Charges Interest on Long Term Debt 10,625,779 5,302,235 11, 15,928,01 8,217,663 (6) (8,217,663) (7) Amortization of Debt Expense 330,037 35,935 (2) 365,93 Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,64 Other Interest 55,571 AFUDC (209,628) Total Interest Charges 12,403,218 3,953,360 16,356,55 Net Income 10,822,710 (2,451,084) 8,331,67 ferred Stock Dividends 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,01	Total Operating Expenses	97,852,388	(1,502,276)	96,350,112
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er Deductions Miscellaneous Amortization Miscellaneous Other Deductions Taxes on Other Income General Taxes State and Federal Income Taxes Income Before Interest Charges Interest on Long Term Debt Amortization of Debt Expense Other Interest Other Interest Taxes on Other Income 330,037 Amortization of Debt Expense Interest on Bank Debt Other Interest Total Interest Charges 10,822,710 Total Interest Charges Net Income 10,822,710 Met Income 10,822,710 (\$2,451,084) Rest,333,000 Septimized Se	Miscellaneous Other Income			90,324
Miscellaneous Amortization 133,997 133,997 Miscellaneous Other Deductions 475,459 475,459 Taxes on Other Income 8,468 8,468 General Taxes 8,468 8,468 State and Federal Income Taxes (161,509) (161,509) Income Before Interest Charges 23,225,928 1,502,276 24,728,200 rest Charges 10,625,779 5,302,235 (1) 15,928,000 Interest on Long Term Debt 10,625,779 5,302,235 (1) 15,928,000 Amortization of Debt Expense 330,037 35,935 (2) 365,930 Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,600 Other Interest 55,571 55,571 55,571 55,571 AFUDC (209,628) (209,628) (209,628) Net Income 10,822,710 (2,451,084) 8,371,600 Met Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,000		90,324	0	90,324
Miscellaneous Other Deductions 475,459 475,459 Taxes on Other Income 8,468 8,448 State and Federal Income Taxes (161,509) (161,50 Income Before Interest Charges 23,225,928 1,502,276 24,728,20 rest Charges 10,625,779 5,302,235 (1) 15,928,00 Interest on Long Term Debt 10,625,779 5,302,235 (1) 15,928,00 Amortization of Debt Expense 330,037 35,935 (2) 365,93 Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,60 Other Interest 55,571 55,571 55,571 55,571 55,571 55,571 55,571 55,557 55,571 55	ther Deductions			
Taxes on Other Income General Taxes State and Federal Income Taxes State and Federal Income Taxes State and Federal Income Taxes State and Federal Income Taxes (161,509) 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 456,415 0 1,502,276 24,728,20 1,502,276 24,728,20 1,502,276 15,928,01 8,217,663 (6) (8,217,663) (7) 8,217,663 (7) 15,928,01 8,217,663 (7) 8,217,663		1		133,997
General Taxes 8,468 8,468 State and Federal Income Taxes (161,509) (161,509) 456,415 0 456,41 Income Before Interest Charges 23,225,928 1,502,276 24,728,20 rest Charges 10,625,779 5,302,235 (1) 15,928,00 Interest on Long Term Debt 10,625,779 5,302,235 (1) 15,928,00 Amortization of Debt Expense 330,037 35,935 (2) 365,93 Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,66 Other Interest 55,571 55,57 55,57 AFUDC (209,628) (209,628) (209,628) Total Interest Charges 12,403,218 3,953,360 16,356,57 Net Income 10,822,710 (2,451,084) 8,371,62 ferred Stock Dividends 38,553 38,55 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07		475,459		475,459
State and Federal Income Taxes (161,509) (161,509) Income Before Interest Charges 23,225,928 1,502,276 24,728,20 rest Charges 10,625,779 5,302,235 (1) 15,928,00 Interest on Long Term Debt 10,625,779 5,302,235 (1) 15,928,00 Amortization of Debt Expense 330,037 35,935 (2) 365,90 Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,60 Other Interest 55,571 55,571 55,571 AFUDC (209,628) (209,628) (209,628) Total Interest Charges 12,403,218 3,953,360 16,356,55 Net Income 10,822,710 (2,451,084) 8,371,62 ferred Stock Dividends 38,553 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07		8 468		8,468
A56,415		-,		•
rest Charges Interest on Long Term Debt 10,625,779 5,302,235 8,217,663 (8,217,663) (7) Amortization of Debt Expense 330,037 Interest on Bank Debt 1,601,459 Other Interest 55,571 AFUDC (209,628) Total Interest Charges 12,403,218 Net Income 10,822,710 (2,451,084) 15,928,07 8,217,663 (8) (8,217,663) (7) 365,93 (1,384,810) (3) 216,66 (209,628) (209,628) (209,628) Net Income 10,822,710 (2,451,084) 8,371,62 8,333,07	Sate and Federal moonie Taxes		0	456,415
Interest on Long Term Debt Interest on Bank Deb	Income Before Interest Charges	23,225,928	1,502,276	24,728,204
Interest on Long Term Debt Interest on Bank Deb	nterest Charges			
Amortization of Debt Expense 330,037 35,935 (2) 365,97 interest on Bank Debt 1,601,459 (1,384,810) (3) 216,64 Other Interest 55,571 55,571 55,571 AFUDC (209,628) (209,628) (209,628) (209,625) Net Income 10,822,710 (2,451,084) 8,371,67 ferred Stock Dividends 38,553 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,075		10,625,779	5,302,235 (1)	15,928,014
Amortization of Debt Expense 330,037 35,935 (2) 365,935 (2) Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,64 Other Interest 55,571 55,57 AFUDC (209,628) (209,628) Total Interest Charges 12,403,218 3,953,360 16,356,55 Net Income 10,822,710 (2,451,084) 8,371,62 ferred Stock Dividends 38,553 38,55 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07	· ·	•	8,217,663 (6)	
Interest on Bank Debt 1,601,459 (1,384,810) (3) 216,64 Other Interest 55,571 55,57 AFUDC (209,628) (209,628) Total Interest Charges 12,403,218 3,953,360 16,356,57 Net Income 10,822,710 (2,451,084) 8,371,62 Ferred Stock Dividends 38,553 38,55 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07			(8,217,663) (7)	
Other Interest AFUDC AFUDC Total Interest Charges 55,571 (209,628) (209,628) (209,628) 55,571 (209,628) (209,628) (209,628) Net Income 12,403,218 (3,953,360) (2,451,084) 8,371,628 Ferred Stock Dividends 38,553 (\$2,451,084) (\$2,451,084) \$8,333,078 Net Income to Common Stock \$10,784,157 (\$2,451,084) (\$2,451,084) \$8,333,078			35,935 (2)	365,972
AFUDC Total Interest Charges (209,628) 12,403,218 (3,953,360) 3,953,360 (209,628) 16,356,51 Net Income 10,822,710 (2,451,084) 8,371,62 Ferred Stock Dividends 38,553 38,553 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07			(1,384,810) (3)	216,649
Total Interest Charges 12,403,218 3,953,360 16,356,57 Net Income 10,822,710 (2,451,084) 8,371,67 ferred Stock Dividends 38,553 38,55 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07		,		55,57
Net Income 10,822,710 (2,451,084) 8,371,62 ferred Stock Dividends 38,553 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07				(209,628
Ferred Stock Dividends 38,553 38,553 Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07	Total Interest Charges	12,403,218	3,953,360	16,356,578
Net Income to Common Stock \$10,784,157 (\$2,451,084) \$8,333,07	Net Income	10,822,710	(2,451,084)	8,371,626
	Preferred Stock Dividends	38,553		38,550
es Interest Earned 2.75 x 1.8	Net Income to Common Stock	\$10,784,157	(\$2,451,084)	\$8,333,073
	Firmes Interest Earned	2.75 x		1.84

^{(1) - (5)} See Exhibit "1.3", Page 5 of 5 for explanations.
(6) Annualized interest on 4.92% Series, due 11/6/06 (Proposed).
(7) Annualized interest on 4.92% Series, due 11/6/06 (to be replaced).
(8) Times Interest Earned assuming full amount of anticipated 2003 rate increase annualized is in excess of 4.0x.

EXHIBIT "1.3" (Cont.)

Adjustments to Twelve Months Ended June 30, 2002 Income Statement Giving Effect of the Proposed Financing And Other Items as Indicated

	
(1) INTEREST ON LONG TERM DEBT	\$5,302,235
To reflect the change in the annual interest requirement on a pro forma basis for the long term debt that will be outstanding after the proposed financing.	
(2) AMORTIZATION OF DEBT EXPENSE	\$35,935
To reflect the estimated change in the annual amortization of financing expense on long term debt that will be outstanding after the proposed financing.	
(3) INTEREST ON SHORT-TERM DEBT	(\$1,384,810)
To reflect the change in annual interest expense on bank debt that will result from the proposed financing.	
(4) STATE INCOME TAXES	(\$158,134)
To adjust provision for state income taxes for the twelve months ended June 30, 2002 applicable to the change in total interest costs.	
(5) FEDERAL INCOME TAXES	(\$1,344,142)
To adjust provision for federal income taxes for the twelve months ended June 30, 2002 applicable	

to the change in total interest costs.

\$154,000,000 Conventional GMB's

EXHIBIT "1.4" - Estimated Expenses

Registration Fees	\$51,155
Legal Fees	11,830
Rating Fees	44,410
Illinois Commerce Commission Fees	237,767
American Water Works Capital Corporation	1,316
Total Expenses	\$346,478